

are not in school are girls. This is a huge problem all over the world, and just by feeding them we'll be able to get them to school. That will change the whole future of the world the young people will be able to live in.

And that's just part of what we did. What's the point of all this? Here's the point I want to make for you, for you young people here. Eight and a half days from now, when I walk out of the White House at high noon on January 20th, I want you to know something: I will leave more optimistic than I entered. I will be more idealistic than I was the day I first took the oath of office as President.

This country can do whatever we have to do. We can meet any challenge. We can seize any opportunity. But we have to remember basic things. We really do have to put people first, and you really do have to believe that we all are part of one community. Politics is about addition and multiplication, not subtraction and division. It's about teamwork. It's about working together. And there are so many things out there for you. The best days in this country are still out there, but there are some big challenges out there. And I hope you will never forget these 8 years. I hope you will always be proud of the support you gave to me and to Al Gore and what we did.

But believe me, the greatest gift you could ever give me is to never lose the fervor I sense in this room tonight. Never lose your belief in your country. Never lose your belief in your capacity to change it for the better. And never get tired when you don't win every election. Bear down. Look forward. The best is still out there. I will always love Massachusetts.

Thank you, and God bless you.

NOTE: The President spoke at 8:10 p.m. in Matthews Arena. In his remarks, he referred to Richard M. Freeland, president, Northeastern University; Mayor Thomas M. Menino of Boston; and Vicki Kennedy, wife of Senator Edward M. Kennedy. A tape was not available for verification of the content of these remarks.

Interview With Steve Holland and Debbie Charles of Reuters

January 11, 2001

No Gun Ri

Q. We understand you made a foreign policy-related call shortly—

The President. Yes, I just talked to President Kim about the No Gun Ri incident and personally expressed my regret to him. And I thanked him for the work that we had done together in developing our mutual statement. We also set up this scholarship fund and did some other things that we hope will be a genuine gesture of our regret. It was a very—you know, I had a good talk with him.

Q. Any particular reason why you used the word “regret” instead of “apology” in your statement?

The President. I think the findings were—I think he knows that “regret” and “apology” both mean the same thing, in terms of being profoundly sorry for what happened. But I believe that the people who looked into it could not conclude that there was a deliberate act, decided at a high enough level in the military hierarchy, to acknowledge that, in effect, the Government had participated in something that was terrible.

So I don't think there's any difference in the two words, on a human level, because we are profoundly sorry that it happened and sorry that any Americans were involved in it. But I think that in terms of the kind of responsibility the institution of the military that the facts were sufficiently unclear after all this time that the people who were reviewing it thought it was the appropriate language. And we worked it out with the Koreans and obviously shared whatever we could find with them.

These people have been our friends for 50 years. We didn't have—I told our guys to play it straight, that we didn't have an interest in trying to cover anything up or sugarcoat anything; we needed to try to get to the bottom of this. I think that we've done about

the best we can do. And I hope that the people of Korea will accept our statement as genuine, and I hope it will bring some solace to the family members and the few people that still survived who were involved in it, who will never get over it.

California Electricity Shortages

Q. Let me ask you another topical question. California is on the verge of blackouts. Is there anything you can do in your remaining time in office?

The President. Well, I'm working at it. We have done some things. Secretary Richardson has worked very hard to make sure that the wholesalers kept selling the power to the utilities. But essentially, what happened was before—without any involvement from the Federal Government and before the previous administration in California, the deregulation was done in a way that made them vulnerable not to—in essence, to very high prices, maybe prices that aren't justified by market conditions on occasion.

They need to get all they can get from out-of-State generators and in-State generators, because they've grown so much. And they still have a regulation of prices to the ultimate consumer. So we've got a situation here which it seems to me might have been predictable at the time the deregulation legislation was done. But I, frankly, until this happened, I didn't know what the nature of the California deregulation law was. I didn't even know when it had been done, until this whole thing arose.

So we're dealing with the situation the best we can. But I also think we need to talk to some of the producers, see whether more power can be brought on line at economical rates more quickly. I actually talked to one of them myself just in the last 2 or 3 days. So I'm trying to get all of our options out there, and if there's anything else I can do, I will. I saw Governor Davis about a week ago, and I told him that.

But I do believe that the Governor and the people of California know that, through the Energy Department, we've done everything we can so far.

2000 Presidential Election

Q. Let me turn you to the election very quickly. You seemed to surprise everybody when you said that the Republicans only—that when they stopped the counting, that's the only way that George W. won. What point were you trying to make there?

The President. I was actually just having fun with Bill Daley in Chicago. We were home and his brother—he had introduced his brother. I think Bill did a very fine job running the Vice President's campaign. I was just having a good time, trying to put them all in a good humor. I wasn't trying to be sarcastic or hateful or even make any kind of deliberate point. I was basically having fun with what I think are the undisputed facts. I don't think there's much dispute about the facts. They didn't finish the vote count. There's really no—everybody knows that.

Q. Do you have any hard feelings about the election outcome and the way the Court, the conservative majority stepped in to stop the counting?

The President. Well, I don't have much to add to what I said. I think the Vice President said it all for us. We accept the principle of judicial review. It's a very important one. It has been since John Marshall wrote the opinion in *Marbury v. Madison* in the early 19th century. And it has helped us to have some finality in our law.

But yes, I disagree with the decision, and I think most constitutional scholars do. I saw a quote in the paper the other from a man who was a law professor in the Middle West—I'm sorry, I don't remember his name—but he identified himself as a conservative, pro-life Republican. But he said, "I am a constitutional law professor, and I disagree with this decision."

But the country has had, periodically—thankfully, not often, but periodically—there's a handful of Supreme Court decisions that I think were unfortunate. But we nearly always straighten it out with time. And in the meanwhile, the election was very close. It was fought nearly to a draw, and the political forces in Florida, the legislature might have done the same thing, and it might have been upheld. I just hated to see the Court involved in this way when there was, you know, 6 days less to count the votes.

But I didn't mean to make any big point. I didn't say anything that I and the Vice President and other Democrats had said tons of times. I was just having fun, trying to say something nice, to make people laugh about Bill Daley. It's pretty tough on him, you know, because he really did do a good job. I think they were about 10 points behind or something, and Bill took over, and he really did, I think, a very good job.

Q. Can I switch to the Middle East? Everything that's going on right now. Today they had some talks—

The President. Let me just say one other—you shouldn't read anything about—that has nothing to do with—we have tried to be very supportive of the President-elect and his team and the transition. I haven't tried to politicize this. I was strictly having fun with my friends in Chicago and bucking up Bill Daley. That's all.

Anyway, go ahead.

Middle East Peace Process

Q. The Middle East, there were some talks in the Gaza today between Israelis and Palestinians. But Sharon has already said the Oslo deal is dead, basically. What are your thoughts about the next 8 days? Is there any hope for anything to happen or will you—

The President. I think there is. It depends on what the agreement is and then how the Israeli electorate responds to it. General Sharon has, I think, never liked the Oslo agreement and has been very honest about it. But he did come to Wye River; he participated fully. Then Prime Minister Netanyahu had been very critical of Oslo. But they negotiated that agreement at Wye River, and previously to that, I think he was in when they finalized the Hebron agreement.

So you have to hope that this process keeps going. The reason we went—let me just back up and say, the reason we went to Camp David in the first place is that it was obvious to everybody that just as the Hebron and then especially the Wye River agreement was absolutely essential to keep the peace process alive, because the previous understandings had come to the end of their rope and they had to stay on the process, it was obvious to me that we had come to the end of our capacity to stay in the peace process with just

the Wye River agreement. It worked very well for a couple of years, but there had to be some continued movement.

Because what happens is, when you reach a stall, then the people that really don't want this to happen, particularly rejectionist elements within the Palestinian community, they can have incidents; then they provoke reactions; then the borders get closed; then the incomes of the Palestinians drop again, and you get in a downward spiral. So I was trying to head off just what we've been through these last 3 months.

So I think that they will have to reach some sort of accommodation, unless they really want the thing to spin out of control. And I really don't believe either side wants that, so we'll just have to see. But you know, whatever happens will be the responsibility of the next administration and the winner of the Israeli election, whoever that may be.

Q. Do you think it's important for you to set out a list of, maybe, points that have been agreed to so far, so that they don't start from scratch again, that you don't lose what you've already gotten?

The President. Well, I think it was quite significant, actually, even though it came 6 days later than I wanted it to, that the Palestinians have now agreed in principle with the parameters. So at least that Israeli Government and the Palestinian Authority have agreed—this Israeli government, excuse me—and the Palestinian Authority have agreed to the parameters. Both sides have some concerns and some questions which are, frankly, quite well known to either side. So I think we have narrowed the debate and moved it forward.

Now obviously, unless there is an agreement, the United States Government is not bound by the position I took. Any incoming Israeli government would not be bound. For example, when I felt that I had to continue a number of President Bush's policies—I didn't particularly disagree with them, either, by the way, in Somalia and one or two other places—but I didn't really believe it was an option to reverse them, because our Government was committed. And I think it's very

important that we—except in the most extreme circumstances—maintain some continuity in foreign policy and in our commitments to other countries.

But President-elect Bush is in no way, shape, or form bound by the positions I've taken on this Middle East agreement, unless there is some agreement.

Q. Do you think that'll happen?

The President. I just don't know. You know, it's a very difficult-to-predict situation. All the odds say no, but there are reasons why they are both working to get this done. In all my 8 years of service as President, I've never seen a situation quite like this, where the circumstances, including my short time in office, seemed unfavorable, but the determination of the main players seems strong, in fact, maybe even intensified. So we'll just have to see what happens.

I'm trying to keep myself free of expectation one way or the other, and to do whatever I can to try to help end the violence—and we had a good day today—and just create the conditions in which, if they're willing, they can do as much as they can do. And we'll just have to see what happens. I don't think we can predict it.

Q. Do you think the incoming Bush people will be as interested in pursuing this as you have been?

The President. Well, I think they will be very interested in stability and peace in the Middle East. Their orientation has been a little more toward, you know, the Gulf, the oil-producing states, honoring our historic commitments to Israel to maintain their qualitative military capacity.

But to be fair, the previous Bush administration took a pretty strong line on expanded settlements after the Madrid talks started in the hope that they could help to create the conditions in which the Palestinians and the Israelis could move toward peace.

So I think that there may be differences in approach and priorities that the President and the Vice President and Secretary Powell will have to work through. But my guess is that their general direction will be the same, because in the end, what happens is—let's assume—and I'm not saying this, because I don't believe this—but listen, even if you had an administration that didn't really care

about the Palestinian problem on its own merits, and said, "Well, our real interests are in the geopolitics of the oil-producing states and the problems created by the lack of an agreement with Syria."

And by the way, I'm fairly optimistic that there will be an agreement between Israel and Syria sometime in the not-too-distant future, and I don't think there would be much difference in the policy positions taken by Likud or a Labor government on Syria, or by my administration or the incoming administration. We worked this hard, I mean, for years. And I think if the late President Asad hadn't kind of felt he was not in the best of health and was not—that they wanted to freeze things in place, and if he can secure his son's accession, we might well have been able to do a peace agreement when I met with him in Switzerland shortly before his death. So I expect that I don't think there will be much difference there.

So even if it's not a priority for you because it looks like a morass that can't be solved in a small place with people that don't have a state, don't have nuclear arms, don't have an air force, don't have an army, inevitably what we always get back to is that the absence of an agreement with the Palestinians and the absence of a stable situation between Israel and the Palestinians infects the other countries and their capacity to relate to us over the long run.

And particularly as these other countries have more and more young people who are more and more drawn to the sympathetic—drawn with a sympathetic ear to the claims of the Palestinians, and they have more demonstrations in these other countries and more unrest in these other countries, I think that our concern for stability in our relations with the Saudis, with the Kuwaitis, with not letting Saddam Hussein develop weapons of mass destruction again, the whole range of concerns that any American administration would have to have leads you back down to the Israeli-Palestinian conflict and trying to get to the end of the road there. I mean, I just think you do.

I think that that's why I made the speech I did to the Israeli Policy Forum the other night. I waited until the very end, and until, essentially, I had put these parameters out

before saying that, because I don't believe an American President should try to impose or create a peace between these two parties. The questions go too much to the heart of their respective sense of national identities, their cultural identity, their whole set of religious convictions.

So all I said in these parameters and all I meant to say in the Israel Policy Forum speech is, "Look, I've been listening to these people for 8 years, and I've studied these issues as closely, I believe, as any American President ever has, down to the maps, the settlement locations, the maps of the city of Jerusalem, the whole thing. My best judgment is if there ever is going to be a comprehensive agreement, it will have to look something like this." And you know, that's not the only option. In other words, they could do what they did at Wye River. They could say, "Okay, here's the next chapter, and this is what we're going to do."

But the real problem with the sort of sequencing of interim steps is that, at least so far, because of all the other very complex forces going on there, these steps have not brought sufficient stability to the relationship and to the climate within the Palestinian areas or within Israel that there can be a long-term sort of set of nonpolitical measures that lead to progress—which is exactly the reverse of the Irish situation.

And you may have heard me say this before, but the difference is, in Ireland—I may have said this in the Israel Policy Forum speech, I can't remember—but my physical analogy is, some unsolved problems are like scabs on a wound. If you leave them alone, they'll heal. Some are like an abscessed tooth. If you leave it alone, it will get lots worse.

In Ireland, because the underlying economic circumstances are dramatically improved and because there has been a dramatic increase in interpersonal contact which is positive, and because while there is a small terrorist group that is still trying to upset the Irish thing, it's much more contained, the absence of final resolution of the thorny political issues is unlikely to crater the situation.

In the Middle East, the per capita income of most Palestinians is the same or lower than it was when we signed the agreement on the White House Lawn, because there are so

many different groups that can paralyze the process with acts of terror or violence that close the borders, that stop everything, that wreck the economy, and that kind of burn the bridges of trust that get built up when things are going okay for a year or so. I think it's more like an abscessed tooth. So that's why I decided to make the speech I gave at the Israel Policy Forum.

But they don't have to do that. They could reach another accommodation. They could say, "Okay, we can't do this whole thing, but we can't just rest on Oslo plus Wye River, so we have to do this," whatever this is. And they could do that.

But I think any Israeli leader would have to see that, and I think in the end, any American Government will come back to a concern for it, if for no other reason than a desire to have stability in the region.

Tax Cut/National Economy

Q. Let me turn you quickly to the economy. The Republicans are talking about a retroactive tax cut. You've got an economic statement tomorrow. Are the factors there, is the evidence there strong enough that there's a downturn going on and we need this retroactive tax cut?

The President. Well, first of all, the blue chip forecast, I think, is for 2.6 percent growth, which is enough growth to keep the unemployment rate at about 4 percent. And that really doesn't surprise me. When I saw the initial estimates, which were about 3.4 percent, I thought they were a tad high because we've been growing for a couple of years at nearly 5 percent, which is, for an advanced economy of our size, it's just virtually unprecedented. You simply couldn't sustain it at that rate. So I think that the expansion can be continued.

On the other hand, there's been a fairly sharp drop in stock values, and that takes a lot of wealth out of the economy, and eventually, that backs down into lower consumption and orders and things like that. So you see, for example, real problems in the steel industry today at a time when steel imports are also dropping. So it's not like the '97 crisis where—the crisis in Asia and Russia led people to try to flood the market in America with

bargain basement prices. Here, you've got an overall problem.

So I think I've always believed that a tax cut should be part of the next budget. I thought it should have been part of the last budget. It can be a little bigger than the one that I proposed, because the surplus has been written up some—the estimated surplus. Although I think it's very important that they go back and subtract from the estimated surplus the 10-year costs of the budget we just adopted, because it's the best education budget, for example, that we've had in my 8 years. There's about a 15 percent increase in education. But you have to prorate that out, and President-elect Bush has said he's very interested in continuing to support education, even though he wants to kind of rearrange the deck chairs on how we allocated it—which is, you know, that's up to him and the Congress. They'll have to work that out.

So I think the question is not so much whether one is warranted but what kind of tax cut should it be, and how big should it be? My concern—what I have believed in—I said this back during the campaign period so I can reiterate it—my view is that it should not be so large as to preclude our continued ability to pay down the debt and to stay more or less on the track we're on to get the debt down over the next 10 years, because if the markets perceive that we're going back into deficits, that would lead to an increase in interest rates, which would wipe out the impact of a tax cut for most Americans—even wealthy Americans, because it could have a depressing impact on the market, and it certainly would increase the cost of business borrowing and tend to slow down the growth of the economy.

So the trick is—that also, by the way, would foreclose—this is what happened to me when I got in. I didn't have the option to do what Americans would normally—the Government would normally do in a recession, which is to have a substantial tax cut and pump the thing back up, because the deficit was so big, it would just have caused interest rates to skyrocket.

So the trick for the incoming administration—they have lots of options here. They can spend money; they can cut taxes; they can do more of one or less of the other—

and less of the other. But the real—what I would be thinking about if I were in that position is, what is the aggregate amount we're going to commit here, particularly on the tax cut side, because it's not like—you don't have to repeat spending in years 2, 3, and 4. You can cut spending if times are tough. We've proved that. But once the tax money—once you cut the taxes, that's normally gone. It's hard to raise taxes when times are tough.

So what I hope is, I think they ought to have a tax cut of some magnitude, but I think they ought to save back enough to keep on the track of paying down the debt, which also gives you the protection down the road. Someday, surely, the expansion will come to an end, but I don't think it has to come any time soon. And when it does, the more we pay the debt down, the more free we will be then to have a substantial tax cut to help the country in a recession—when that happens sometime in the future—without having an adverse impact on interest rates.

So I don't think there's any question that they can have a tax cut. It could be fairly sizable. I think it's appropriate. But I just think you don't want it so big that it takes you off the path of getting us out of debt, because the mental knowledge that that's the path we're on keeps interest rates low.

The average American family now is saving \$2,000 a year on a home mortgage, as compared to where we were back in '93. Long-term interest rates are 2 percent lower than when I took office, even though we've had an 8-year expansion, which is unheard of. You normally wouldn't have that. And paying down the debt has a huge impact on that, because it frees up more and more money every year to borrow in the private sector, and interest rates are lower than they would be if the Government were competing.

And let me also say there's something else that we should keep in mind. The more you pay down the debt, the lower your interest bill is. I think this year we've got interest payments on the debt down under 12 cents on the dollar. But they were at 13 or something, headed north, when I took office.

Let's say we went—I'm making this up, of course—let's say we went 4 or 5 more years on the same tack, and we got interest

on the debt down to 6 cents on the dollar. That's a huge amount of money that is freed up every year for either investment in our future or for tax cuts. And you have more and more and more flexibility.

Anyway, that's kind of a long-winded answer, but it's a very, very important subject, and I've thought about it a lot.

Q. Can I just—another foreign policy question—one more question.

The President. Go ahead.

National Missile Defense

Q. On NMD, which has become topical now with the Bush administration and Rumsfeld's hearings today, do you regret at all making it a commitment of the United States, since some diplomacy efforts, like with Korea, are working out? And is it just going to create more problems with China, Russia in the future?

The President. Well, I think I made the right decision not to deploy. And I think that I made the right decision to continue the research program. And I hope that's what they will do.

It's not clear to me exactly how they're going to operationalize their commitment. That is, because in the campaign, the President-elect said that he would do this if it could be developed, whether anybody else liked it or not, which bothered some people. But he also—the "it" that he was trying to develop was a system that was, in effect, more comprehensive than the more limited one that could have been deployed in the timeframes we were talking about during my tenure. So it may be that what he will decide to do is to intensify research.

Look, if we actually knew we had the technology to take missiles out of the sky, even assuming that we get this agreement with North Korea—which I think we will get, on freezing the missile production, not selling missiles. I think that will come. That's teed up, and I believe the Bush administration will see it as a great opportunity. And I think it will be one seized within the first few months of the incoming administration. I think it will be one of their first achievements, because it's set, and I think it will happen.

But even if that happens, with the proliferation of technology around the world, we

can't possibly know who might have missiles in the future. So I think we're almost morally obligated to continue to try to develop this kind of system. However, if we deploy the system in a way that leads to more proliferation and more insecurity, that's very problematic. And it's one of the things that I had to consider, that if we just set it up, even if we were worried about North Korea and the Middle East, if the Chinese interpreted it as a move to try to contain them, even though there's no way we could—even if they have just 50 missiles, that's more than—or two dozen, whatever they've got—two dozen I guess, more or less—they might decide that now they need 300.

If they did that, the Indians would decide that they needed more, under the present state of play between the two countries. If they did that, the Pakistanis would certainly build more. And circumstances that exist on the Indian Subcontinent are not as stable as those which existed between the United States and the Soviet Union during the cold war, or that exists today between the United States and Russia. And by the way, I expect that there will be a further reduction in nuclear warheads by both countries. That's one thing I think the Bush administration will be in a position to do, because of the development of our relationships, I'll be—I expect that President Putin and then-President Bush will be successful in continuing to reduce the nuclear arsenals. But you don't want to have all this sort of uncontrolled instability in some other part of the world.

But there's a way to continue to work the missile defense issue, and then there would be a way to put it at the service of all countries, the technology, which is what President Reagan used to talk about when he was talking about the Star Wars in the sky and all of that. Philosophically, he had an idea of making it available to all countries so that no one would be any more at risk, including from us.

But that technology is not out there now. We're talking about technology to stop the accidental launch or a terrorist or a country with two or three missiles that could lob them at you. Two or three missiles could do a world of damage on the United States or someone else.

So I just think—I think that I left it with a maximum number of options for the next administration. I've tried to leave the economy with maximum number of options in good shape, and I think this program gives them the maximum number of options.

And I think—again, you know, we all say things in campaigns, and then you get to be President and it looks a little different. Presidents pretty much do what they promise to do in campaigns, but sometimes when you turn an idea into an operation, when you operationalize your views, the world looks different when you're sitting behind the desk in the Oval Office than it did when you were running for the job. It just does. And that's no criticism of him. They're the same things that looked different to me when I got there.

And so I just—it's a big issue, but it will be closely covered and widely debated, and I hope it will be resolved in an appropriate way. But I do think that the research should continue.

President's Future Plans

Q. How are you going to feel on January 21st? You wake up Sunday morning, you won't be President.

Q. In Chappaqua.

The President. I'm not sure. But I'll say this, right now, I just feel very at peace and very grateful. And I'm going to start thinking about the rest of my life. Every stage of my life has been rewarding and good. And I've been so fortunate, and it's a real challenge. I'm just going to try to imagine how I can make the most of it. I'm kind of looking forward to it. I don't expect that I'll have sort of prolonged periods of semi-depression because I'm not President anymore.

Q. Withdrawal pains?

The President. Yes. I was only halfway kidding when I told the church the other day that I expected to be disoriented when I go into big rooms and nobody plays a song anymore. [Laughter] I mean, I'm sure there will be somehow some kind of things that will be tough, and I'll have to learn how to be a real citizen all over again, but that's good.

The Presidency is what was so well taken care of, and a lot of the cares of normal daily life that I never had to think about when I was in office. It's probably healthy for a

person not to have that kind of support for too many years in life. So I'm kind of looking forward to it.

Socks

Q. What about Socks? What's going to happen to Socks?

The President. Well, I don't know. You know, I made more progress in the Middle East than I did between Socks and Buddy. [Laughter] And I don't know that I've got enough space and enough help when I'm gone to keep them both away from one another and keep them both happy.

But I still haven't quite resolved what to do. I love that old cat. You know, we picked him up as sort of a half stray in Arkansas, and I hate to give him up. But Betty loves him. Half the White House loves the cat, and the other half loves the dog.

Q. You can't break them up into that many pieces.

The President. No, no. I'm sure going to take—I know I'll take Buddy, because I slept with him for 16 months all during the Senate campaign. He was with me all the time. [Laughter] I can't live without him.

But I really—I've even talked to some of the guys, a couple of the guys at the White House are quite good at training pets, and we've all kind of tried to work at this. None of us have been able to figure out how to actually get them in peaceful coexistence.

I feel of all the skills I learned as President in bringing these people together, I didn't do very well with that. [Laughter]

Q. It's been a pleasure, Mr. President.

Q. Thank you.

The President. Thanks, Steve.

Q. Thank you very much, sir.

The President. You guys have been great.

NOTE: The interview began at 11:37 p.m. aboard Air Force One en route to Andrews Air Force Base, MD. In his remarks, the President referred to President Kim Dae-jung of South Korea; Governor Gray Davis of California; Gore 2000 campaign director William M. Daley and his brother, Mayor Richard M. Daley of Chicago; former Minister of Foreign Affairs Ariel Sharon and former Prime Minister Binyamin Netanyahu of Israel; President-elect George W. Bush; Vice President-elect Dick Cheney; Secretary of State-designate Colin L. Powell; President Bashar al-Asad of Syria, son of the late President Hafiz al-Asad; President

Saddam Hussein of Iraq; President Vladimir Putin of Russia; and Betty Currie, the President's personal secretary. A tape was not available for verification of the content of this interview.

Remarks on the 2001 Economic Report and an Exchange With Reporters

January 12, 2001

The President. Good morning. Today I'm sending my eighth and final economic report prepared by the Council of Economic Advisers. I want to thank Dr. Martin Baily, Katheryn Shaw, Robert Lawrence, and the CEA staff for their fine work in analyzing America's new economy.

I also want to thank Secretary Summers, Gene Sperling, Jack Lew, Sylvia Mathews, my entire economic team for all they have done these last 8 years to turn our country around and move us forward together.

Over the last 8 years, these annual economic reports have helped to tell America's story—a story of prosperity and progress, of the hard work of our people, and the results of policies rooted in common values and common sense. The message of this final report is clear: The economy remains strong, on a sound foundation, with a bright future.

Eight years ago it was a very different story, with 10 million of our fellow citizens out of work, high interest rates, low confidence, a deficit that was \$290 billion and rising, a debt that had quadrupled in the previous 12 years. The new course we charted to eliminate the deficit, invest in education and the American people's future, and open overseas markets for America's products has worked. Year-in and year-out, we have resisted politically attractive but economically unwise temptations to veer from the path of fiscal discipline.

We have in the course of this effort turned the record deficits into record surpluses and produced the longest economic expansion in history. We have not only had 22½ million new jobs and the lowest unemployment in 30 years; we've been able to add to the life of both Medicare and Social Security to help ease the burden on future generations, and make the long-term solutions less difficult in

the present. And we're on track that was unimaginable 8 years ago when I first came here, to get America out of debt at the end of this decade.

The evidence in this report shows that maintaining the path of fiscal discipline is critical to keeping America on the path of economic progress. Fiscal discipline has allowed the energy and entrepreneurship of the American people to increase investment, productivity, and living standards. Fiscal responsibility has given us lower interest rates, which by the end of the year will be—excuse me—has given us not only lower interest rates; it's given us surpluses that by the end of the year will have permitted us to pay down about \$560 billion off the national debt. And I think all of us are very proud that we can leave that legacy to the incoming administration and to the children of this country.

More important in an economic sense, perhaps, is that it has lowered interest rates. By having the Government pay back debt instead of borrow more money, you have lower interest rates for business loans, college loans, home loans, car loans. It amounts, on the average, to \$2,000 in mortgage payment savings a year for the average family, \$200 in car payments, \$200 in college loan payments. It has also given us higher growth.

Now, over the last couple of years, the economy was growing at a blistering pace. Everyone knew that the rate of growth would ease off. But that is not to say that the evidence suggests anything other than that the expansion will and should continue.

So that's the context in which we have tried to work for 8 years and the options that we leave to our successors. And there are many options. I have repeatedly said America can afford a tax cut. But I do not believe that the tax cut plus whatever spending plans there will be should be so large as to take us off the path of fiscal discipline, for a simple reason—paying down the debt keeps interest rates lower. That means stronger businesses, higher incomes, more jobs, a stronger market. Keeping those long-term rates down is profoundly important.

So what I would hope for the future when the Congress deliberates this and the President makes his proposal—the details are up